# AI set to transform global public services with fivefold market growth



The global market for artificial intelligence in government and public services is projected to grow from USD 26.4 billion in 2025 to USD 135.7 billion by 2035. This fivefold increase, at a compound annual growth rate of 17.8 per cent, reflects accelerating digital transformation across government operations worldwide.

Governments are increasingly adopting AI to automate citizen-facing services, improve efficiency and boost transparency. Public agencies are using the technology to streamline processes, optimise resources and enhance engagement. This surge aligns with digital government agendas and investment in smart infrastructure, particularly across North America, Asia Pacific and Europe.

Government bodies are set to account for 65 per cent of AI adoption in 2025, driven by large-scale digital transformation and demand for efficient, accessible services. Key applications include citizen service automation, fraud detection, policy analysis and resource planning.

Cloud-based AI platforms are expected to account for 57 per cent of market demand by 2025. Their flexibility and scalability suit the needs of public sector organisations, supported by national cloud-first policies and compliance frameworks tailored to government standards.

Public safety and security is the largest application segment, representing 40 per cent of market value in 2025. Governments are using AI for threat detection, emergency response, predictive policing and cybersecurity. National security investment continues to fuel innovation in this space.

China leads the market with a projected 24 per cent growth rate, supported by state-led smart city programmes and rapid AI deployment. India follows with 22.3 per cent growth, underpinned by the Digital India initiative and a focus on inclusive governance.

Germany is growing at 20.5 per cent, driven by digital administration reforms, while France sees 18.7 per cent growth, with public sector innovation and AI sovereignty high on the agenda. The UK is expected to grow at 16.9 per cent, reflecting its commitment to data-driven governance and GovTech. The US, with a 15.1 per cent rate, is focusing on ethical AI and citizen privacy through federal and state-level programmes.

Major players include Microsoft, IBM, Google and Accenture, alongside specialist firms such as Palantir Technologies and C3.ai. These companies are developing secure, scalable AI solutions tailored to the needs of public bodies.

Challenges remain, including regulatory complexity, data privacy and institutional resistance. However, ongoing innovation in AI governance is helping governments improve service access, resilience and transparency.

Notable trends include the use of predictive analytics in policymaking and the rise of AI-powered virtual assistants, offering 24/7 access to government services. As adoption grows, AI is set to underpin a smarter, more inclusive approach to public service delivery, with the UK among the nations leading this global shift.

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## Bibliography

1. <https://www.futuremarketinsights.com/reports/ai-in-government-and-public-services-market> - Please view link - unable to able to access data
2. <https://www.futuremarketinsights.com/reports/ai-in-government-and-public-services-market> - This report forecasts the global AI in government and public services market to grow from USD 26.4 billion in 2025 to approximately USD 135.7 billion by 2035, reflecting a compound annual growth rate (CAGR) of 17.8%. The growth is driven by digital transformation initiatives, rising demand for automated government services, and a focus on citizen engagement and operational efficiency. The market is expected to expand nearly fivefold during this period, with government agencies projected to account for 65% of the market share in 2025. Key growth regions include North America, Asia Pacific, and Europe, with leading companies such as Microsoft, Accenture plc, IBM Corporation, Google LLC, OpenAI, Palantir Technologies Inc., Deloitte Touche Tohmatsu Limited, Booz Allen Hamilton Inc., and C3.ai, Inc. contributing to the expansion.
3. <https://www.sphericalinsights.com/our-insights/ai-in-government-and-public-services-market> - This analysis projects the global AI in government and public services market to grow from USD 22.35 billion in 2024 to USD 133.16 billion by 2035, at a CAGR of 17.62%. The market is witnessing rapid growth as governments leverage AI to enhance public administration, service delivery, and operational efficiency. AI technologies are being utilised in various areas including healthcare, transportation, defence, public safety, and citizen engagement. Government initiatives such as the U.S. National AI Initiative, the European Union’s Coordinated Plan on AI, and China’s New Generation AI Development Plan are fueling the adoption of AI by promoting innovation, funding research, and developing supportive regulatory frameworks. Additionally, the push for smart cities, digital transformation, and intelligent infrastructure is creating strong demand for AI solutions in the public sector.
4. <https://www.grandviewresearch.com/industry-analysis/ai-government-public-services-market-report> - This report provides insights into the AI in government and public services market, highlighting that the cloud segment led the market in 2024, accounting for over 57% of global revenue due to its scalability and flexibility. The natural language processing (NLP) segment is expected to grow at the fastest CAGR during the forecast period, as governments deploy AI-powered chatbots, virtual assistants, and automated document analysis to improve citizen interaction and reduce administrative load. The public safety and security segment accounted for the largest revenue share in 2024, with AI applications enhancing capabilities in crime prevention, emergency response, and threat detection.
5. <https://www.grandviewresearch.com/horizon/outlook/ai-in-government-and-public-services-market/asia-pacific> - This outlook focuses on the AI in government and public services market in the Asia Pacific region, which is expected to reach a projected revenue of USD 26,496.7 million by 2033, with a CAGR of 19.3% from 2025 to 2033. The report highlights the rapid adoption of AI technologies by governments in the region to enhance public administration, service delivery, and operational efficiency. The growth is driven by increasing investments in smart city initiatives, digital transformation, and the development of intelligent infrastructure.
6. <https://www.grandviewresearch.com/horizon/outlook/ai-in-government-and-public-services-market/north-america> - This outlook examines the AI in government and public services market in North America, projected to reach a revenue of USD 33,106.7 million by 2033, with a CAGR of 18.6% from 2025 to 2033. The report notes that the cloud segment was the largest revenue-generating deployment in 2024 and is expected to continue dominating the market due to its scalability and flexibility. The growth is attributed to increasing investments in digital transformation initiatives and the adoption of AI technologies by government agencies to improve service delivery and operational efficiency.
7. <https://market.us/report/ai-agents-in-public-service-market/> - This report highlights the significant growth of the AI agents in public service market, projected to reach USD 35.2 billion by 2034, up from USD 1.1 billion in 2024, growing at a CAGR of 41.7% during the forecast period from 2025 to 2034. The market is driven by the increasing adoption of AI technologies in public sector operations, including autonomous systems performing tasks within governmental operations. The report also notes that North America held a dominant market position in 2024, capturing more than a 37% share, amounting to USD 0.4 billion in revenue.